

Opening Statement
The Honorable Frank D. Lucas, Chairman
Subcommittee on Conservation, Credit, Research and Rural Development

Hearing to review implementation of the Farm Bill conservation programs

Tuesday, June 15th, 2004
11:00 a.m.
1300 Longworth House Office Building

It has been slightly over one year since this Subcommittee convened its last conservation hearing in Washington. I have heard many positive comments on overall implementation thus far but have also heard comments which cause me concern. While this is an oversight hearing and at times we may sound a bit critical on certain points, I want to state unequivocally that the Farm Bill's conservation programs are a phenomenal success. The infusion of funds provided by the Farm Bill has led to the largest voluntary programs in the nation's history. While we had hoped that we would be able to ease the backlogs in most programs by the third year of the Farm Bill, I think it is fair to say that we are only seeing increased interest among producers.

How we go about ensuring that producer expectations are met is of utmost importance to me. These are voluntary producer programs and at the end of the day the programs must work for producers and provide appropriate environmental benefits.

This hearing will allow Members to discuss many of our conservation programs. The Senate recently held a conservation hearing. That hearing discussed in great detail the Conservation Security Program (CSP). I expect a great deal of discussion on that topic today; however, the other programs are going to garner a great deal of attention too. I have seen many comments on the Department's proposed rule for CSP. Many of those comments point out that CSP is supposed to be a nationwide program. While that is the way the program was written and funded originally, Congress placed a \$41 million cap on the program for fiscal year 2004. There is no way that any program can be implemented nationwide and allow all producers participate for \$41 million. I think that we have placed the Department in an interesting predicament. They must implement a capped program this year and then possibly be prepared to implement an uncapped program next year. Therefore, I feel it is important to keep comments regarding CSP constructive and relevant to what can occur as required by the current law.

We must also look forward to future spending. My biggest concern with CSP is not the current law because CSP in one form or another will most likely continue to grow dramatically in the next five years. My concern is

that we have no idea how much CSP will ever cost in its uncapped form. In the Farm Bill it was scored at \$2 billion, and yet less than one year later it was scored at \$6.8 billion over a ten year period. Now, even with the limited enrollment proposed by the Department we are talking about numbers totaling \$13 billion. However, from what I can tell many people are guessing that the program could easily cost between \$5 to \$10 billion per year once fully funded.

Why is this important? Two reasons. Scoring and the perception of green payments. From the scoring perception, we are constantly pointing out that we are saving billions of dollars under the commodity title because of good market prices. If we turn around and start having much higher expenditures than expected in conservation, then we are NOT truly having any net savings. I want to have accurate scores for our programs. I am not criticizing the scorers because I realize how difficult it is figure costs for these programs. However, the conservation programs do not fluctuate based on market prices, only participation. We may need to write the programs in a more straightforward manner to take away some of the scoring uncertainties. I have dropped a bill to make the Environmental Quality Incentives Program an entitlement in order to see if it will be a good value for producers and the taxpayers.

I have done this because the buzz word in many agricultural circles is green payments, and we need to accurately know what they cost. The recent World Trade Organization decision regarding U.S. cotton subsidies has led many people to believe that green payments are the wave of the future. They may be right, however, I would like everyone to slow down for a moment and consider a few things. First, the appeals process is long and arduous. Second, the next case in the WTO involves the EU sugar program. I tend to believe that if the U.S. and EU are to consider rewriting their commodity titles that it will be a sound and methodical process. The G-90 countries are not going to simply let us transfer commodity payments to green payments. Their concerns are not only the amount of money spent on subsidies but also the total amount spent on agriculture.

The EU is currently spending much more on commodity payments than the U.S.; between \$40-50 billion per year versus \$19 in the U.S. Also, green payments are defined differently in the EU than in the U.S. In the EU's Common Agriculture Policy (CAP) reform, it will be placing an emphasis on commodity and green payments in 2005. They plan to link commodity payments to certain conservation standards. If the Member countries decide that producers are not meeting these standards, then the payments will be

reduced or cut completely. This means that commodity and conservation plans are going to be compulsory. This has NEVER been the case in the U.S. except on highly erodible lands. U.S. programs are voluntary. Because this is such an important issue, I am working with the Congressional Research Service to make sure that we are able to get a report to Members so they are able to communicate to producers the difference between U.S. and EU programs.

We also need to once again bring up the issue of technical assistance. We are again faced with the unfortunate possibility of EQIP, WHIP, FRPP, and GRP being used to fund technical assistance for CRP and WRP. There is language that would fix the funding stream in the current budget passed by the House. Hopefully the Senate will pass the budget and we can simply write some language to ensure that technical assistance is done in a fair manner.

If the budget is not passed, we will consider locking all of the stakeholders in a room for two or three days until we come out with some language that fixes technical assistance issues once and for all. Also, regarding technical assistance. As the programs ramped up, I was expecting the percentage of technical assistance per program to decrease dramatically. For example,

EQIP is supposed to be funded at around \$1 billion this year. USDA has been using about 25 percent or \$250 million of those funds for technical assistance. If that could be cut to at least 15 percent, producers would get another \$100 million in financial assistance. All means should be taken immediately to get technical assistance costs down. The technical service provider program may be a place where this can be addressed.

Finally, the Small Watershed Program is near and dear to me as an Oklahoman. I have not been thrilled at all with the proposed cuts by the Administration or the actual cuts levied by the Appropriators. I will be checking with our witnesses to see how the program is progressing.

I look forward to hearing from today's witnesses.